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PROFILE BRIEF

AN ANALYSIS OF GOVERNOR MICHAEL DUKAKIS' MASSACHUSETTS DEVELOPMENT BANK PROPOSAL

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ISSUE DEFINITION

The condition of America's infrastructure - - the word used to describe the network of transportation and public facilities comprised of roads, bridges, tunnels, water delivery systems, sewerage treatment facilities, mass transit, airports, and public buildings - - has been well documented. Several tragedies involving the loss of human life stand as major exhibits of how far the country's capital stock has deteriorated. Central to this issue is how will state and local governments finance corrective measures to bring these systems up to safe standards. One proposal gaining national prominence is creating a state agency that would sell bonds to pay for needed repairs. Last year, Governor Michael Dukakis filed legislation that would create the Massachusetts Development Bank. This independent office would be a new unit of government empowered to administer the funding of qualified infrastructure projects in the Commonwealth through the sale of bonds and certain taxes collected from businesses operating in the state.

BACKGROUND

There are two major infrastructure issues facing Massachusetts officials: the deterioration of the state's highways and its water delivery systems. These problems are related to unplanned growth in the industrial and residential sectors, their age and the fact that, in the past, emphasis was placed on new construction rather than maintenance and repair of existing facilities. Further complicating these matters are dwindling revenue sources from the imposition of Proposition 2 1/2 and cutbacks in federal funding.

Massachusetts depends heavily on its roadways and water delivery systems for economic and social development. To continue a prosperous business climate the state must insure that its infrastructure is well maintained. A good example of this policy is the high technology industry. For the most part, hi-tech companies have located outside traditional urban centers which has attracted a fairly large segment of the population to settle in surburban communities closer to their jobs. In most instances these areas do not have public transportation and workers are obligated to commute to work in their own cars. On the other hand, manufacturers need these same roadways to transport their merchandise to national markets.

Several other problems have also originated from the development of these surburbs. One has been the tremendous strain put on existing water supplies. Another illustrates the importance of upgrading and improving the capacity of the state's sewerage treatment plants. In addition, the Federal Joint Economic Committee found that in Massachusetts:

- older cities and towns need financial assistance to rehabilitate antiquated water distribution systems.
- at least 18 of the 25 state owned bridges are rated less than satisfactory.
- the condition of the commuter rail systems falls below satisfactory conditions.
- there are 1,476 bridges in need of preventive maintenance that will cost an average of $250,000.00 per bridge to bring them up to state and federal standards.
- close to 21,759 miles of roadway, about 65% of the state system, are characterized by cracked, rutted, or broken pavement.

During the 1984 Legislative session Governor Michael Dukakis proposed legislation that would be an alternative to the present way Massachusetts raises money for infrastructure repair. (see table 1) Traditionally, Capital Outlay Projects, that is the expenditures for constructing, renovating or repairing a building or system, are financed through the sale of general obligation bonds by the State Treasurer. Investors will buy these bonds with the Commonwealth assuming the responsibility for paying the principal and interest, also called debt service, to the buyer. In other words, the state is borrowing money from a private source that is not unlike a bank loaning money for a mortgage.

As an alternative to this traditional financing pattern Governor Dukakis proposed legislation creating an independent state agency, the Massachusetts Development Bank, that would sell special bonds to pay for infrastructure repairs. These new bonds, called revenue bonds or self-supporting bonds, would be sold to investors. Proceeds from their sale would be a dedicated revenue source to be used only to finance a specific infrastructure project.

The reason for choosing to finance infrastructure projects with revenue bonds rather than general obligation bonds is two-fold. First, they would be revenues outside of the budget and not the responsibility of the Commonwealth, and second, they would not have to be paid back with taxpayer's money. It was felt that this new financial plan could possibly control the amount of money Massachusetts spends on the principal and interest of its debt service by reducing the sale of general obligation bonds. By doing so, the Governor hopes to protect and eventually improve the state's credit rating.

1. Two bills, House Bill No. 5577 and House Bill No. 6140 were filed in 1984 by Governor Dukakis.

Table I

Infrastructure Bank Legislation Filed in Massachusetts
During The 1984 and 1985 Legislative Sessions

Bill No.	Title	Introduced
H 5298	Petition of Richard T. Moore and other members of the General Court for legislation to establish a Massachusetts Infrastructure bank.	January 9, 1984
H 5577	A message from His Excellency the Governor recommending legislation relative to establishing the Massachusetts development bank and providing revenue sources therefor.	March 28, 1984
H 6140	Bill establishing the Massachusetts development bank and providing revenue sources therefor.	June 29, 1984
H 5201	Petition of Richard T. Moore for Legislation to provide adequate financing for infrastructure repairs.	January 7, 1985
H 5649	A message from His Excellency the Governor recommending legislation relative to establishing the Massachusetts development bank and providing revenue sources therefor.	March 4, 1985

MASSACHUSETTS DEVELOPMENT BANK

House Bills No. 5577 and 6140, both filed during the 1984 legislative session by Governor Michael Dukakis, would have established the Massachusetts Development Bank. This agency, more commonly referred to as Mass/Bank, would provide a new source of funding for state and local infrastructure projects. (See Table II) Its main goal would be to make additional revenues available to pay for repairing state highways, bridges and tunnels, waste treatment facilities and water supply systems. Other capital projects, such as education facilities, prisons, state offices and hospitals would continue to be supported by customary sale of general obligation bonds.

Mass/Bank would be organized into a five member Board of Directors with the authority to issue their own debt obligations, in this case revenue bonds, backed by a dedicated source of revenue. A one million dollar appropriation from the General Fund would be used to pay for its start-up. Administrative costs would be capped at 2%. Terms of these bonds would be limited to fifty years and would be sold to public and private investors. Any revenues generated by their sale could be used only for the specific purposes they were issued for, namely to finance a local or state infrastructure project.

State Agencies seeking Financial Assistance would be required to first apply to the Secretary of Administration and Finance. The application would be reviewed and a decision made on whether financing came from Mass/Bank or the sale of general obligation bonds. If the project is approved for financing from Mass/Bank the Legislature would then have to vote on its bond issue. A two-thirds vote of both branches would be needed before this agency could authorize the sale of its bonds.

1. For discussion purposes, House Bill No. 6140 has been used.

Local governments would follow a slightly different procedure. First, they would file an application with the Secretary of Communities and Development. Priority would be given to projects that increase employment, improve neighborhood conditions, and stimulate investment in the economic development of a community.

Each request would be reviewed to determine whether:

(1) the community and state need such a project.

(2) there would be a beneficial effect on the community, especially in the area of long-term employment.

(3) Mass/Bank assistance is the only financial alternative available.

Applications meeting these criteria would then be sent to the Secretary of Administration and Finance. Here they would be looked at to confirm that:

(1) the project conformed to state policy.

(2) all necessary governmental approvals were made.

(3) financing was in accordance to law.

(4) the local community's credit rating was so poor that Mass/Bank financing would be the best way to fund the project.

(5) repayment to Mass/Bank would not effect a community's ability to provide other essential services.

Mass/Bank would make the final decision whether the project was in the best interest of the public and that it would not benefit some type of private concern.

In addition to buying and selling bonds Mass/Bank would be initially financed by a new tax called the "Business Infrastructure Development Assessment." These revenues would be collected from business corporations, insurance companies, commercial banks, thrift institutions and public utilities operating in the Commonwealth. Rates would be set in a new chapter of the Massachusetts General Laws and the Commissioner of Revenue would be allowed to adjust them to maintain a $145 million balance. Any moneys that are collected would be dedicated to Mass/Bank to be used to finance infrastructure projects. The Commonwealth would covenant not to repeal or reduce the assessment as long as any bonds were outstanding.

Table II

Selected Provisions of
House Bill No. 6140

Section 4:	Mass/Bank established as an independent state agency.
Section 5:	Creates a five member Board of Directors comprised of the Secretary of Administration and Finance, the Treasurer, and three other members appointed by the Governor.
Section 6:	Mass/Bank allowed to borrow money and issue debt obligations if approved by a 2/3 vote of both branches of the state legislature.
Section 7:	Procedure for financing state infrastructure projects.
Section 8:	Procedures for financing local infrastructure projects.
Section 9:	State and local governments required to submit annual reports.
Section 10:	Outlines procedures for issuing Debt Obligations and allows Mass/Bank to create debt service reserve funds.
Section 11:	Declares Debt Obligations are the financial responsibility of the Mass/Bank.
Section 12:	Requires Mass/Bank to submit an Annual Report to the Governor and Legislature.
Section 13:	Requires Mass/Bank to be audited annually by the State Auditor and an independent certified public accountant.
Section 14:	Impresses the revenues of Mass/Bank with a trust as long as any outstanding interest and principal remains unpaid.
Section 15:	Appropriates one million dollars from the General Fund for start-up costs; imposes 2% cap on administrative costs.
Section 16:	Allows cities and towns to issue debt obligations.
Section 18:	Establishes the "State Infrastructure Fund."
Section 19:	Creates Chapter 63D, the "Business Infrastructure Development Assessment."
Section 22:	Allows corporations to deduct 80% for depreciation of recovery property.
Section 23:	Authorizes the unitary method of taxation.
Section 25:	Extends the "Investment Tax Credit" for three years.
Section 26:	Ammends Chapter 151A, Section 15 governing the contribution rate employees pay for unemployment insurance.

To minimize any adverse reaction that the business community would have to this assessment certain adjustments in corporate taxes were also proposed.

Massachusetts would:

(1) conform to the federal standard of taxing businesses on the "water's edge" method instead of the present "worldwide" assessment.

(2) revise the Federal Accelerated Cost Recovery System so that only 80% could be deducted.

(3) reduce unemployment insurance taxes.

(4) continue the 3% Investment Tax Credit.

PROBLEMS

A. Inspector General

From its earliest conception the Governor's proposal encounted a number of detractors. In an April 12, 1984 letter to the Joint Committee on Taxation the Inspector General offered an analysis of the costs and savings the state could expect if House Bill No. 5577 was signed into law. He found "a strong possibility that Mass/Bank would not save the state any money."[2] This assumption was based on three factors:

(1) Bonds that would be sold by Mass/Bank were not true revenue bonds but rather limited obligation bonds.

(2) The investment community might not regard these types of bonds separate from the state debt.

(3) The cost effectiveness of creating a new agency to do a job that the Treasurer's office already performs.

2. Inspector General. Letter to the Joint Committee on Taxation, April 12, 1984, page 1.

B. Supreme Judicial Court

In concluding his letter, the Inspector General encouraged the Legislature to seek the opinion of the State Supreme Judicial Court on the constitutionality of the Mass/Bank proposal.

On October 2, 1984 the House of Representatives sent to the Judges House Bill No. 6223, an "Order requesting the Justices for their opinion on House Bill 6140," asking them to determine whether:

(1) The Business Infrastructure Development Assessment was a tax.

(2) Private bondholders could become beneficiaries of state revenues.

(3) The Commissioner of Revenue had the authority to adjust the rates of assessment.

(4) Revenues received by the state were required to be deposited in the State Treasury.

(5) Revenues received by the State Treasury could be appropriated without Legislative approval.

(6) The Commissioner of Revenue had the "discretionary" power to determine the amount of income a corporation makes doing business in the state.

(7) Mass/Bank would be responsible for the debt obligations it issued or whether the state would have to extend its credit to back these bonds.

On November 29, 1984, the Supreme Judicial Court responded to the House Order. The Justices found that all of the questioned provisions met the necessary constitutional requirements. The opinion went on further to explain that:

(1) The infrastructure development assessment is a corporate excise and therefore, could be considered a tax.

(2) A law enacted to accomplish a public purpose is not unconstitutional if it results in an "incidental" benefit to private individuals.

(3) Specific guidelines outlined in Section 3 of the proposed new Chapter 63D allows the Commissioner of Revenue to adjust the rates of the business assessment.

(4) Not all revenues received by the Commonwealth are subject to constitutional provisions.

(5) The Legislature has the power to designate the State Treasurer as custodian of a fund consisting of revenues received from a public instramentality similiar to Mass/Bank.

(6) The Commissioner of Revenue has the expertise to select an alternative method for apportioning income that fairly represents corporations business activity in the Commonwealth.

(7) Mass/Bank is separate and distinct from the Commonwealth and financially responsible for all debt obligations that it issues.

C. Unitary Tax

However, on December 11, 1984 the Massachusetts Supreme Judicial Court issued a ruling that seriously jeopardized the Mass/Bank proposal. In an unrelated court case, Poloroid Corporation and others vs. the Department of Revenue, the Justices decided that the method the Commonwealth uses to assess business taxes was illegal. The suit alleged the Commissioner of Revenue had no legal authority to impose a worldwide unitary assessment of taxation, a key provision of House Bill No. 6140 to lessen the economic effect of the Infrastructure Development Assessment on businesses operating in the Commonwealth.

The Judges agreed. They concluded that the Commissioner of Revenue had "no statutory authority to use the 'unitary business' approach in the circumstances of this case." They did, however, state that the Legislature could correct this problem by passing legislation that would allow the Department of Revenue to use this method of taxation.

MASS/BANK II

On February 28, 1985 Governor Dukakis submitted legislation creating a new version of Mass/Bank. Basically, House Bill No. 5649 remains similar to House Bill No. 6140. (See Table III) Again, revenue bonds would be used instead of general obligation bonds to finance the repair of state highways, bridges and tunnels, sewerage systems and water supply systems; a five member Board of Directors would administer the agency; state development offices would continue to select infrastructure projects; and the state Legislature would continue to approve financing.

Table III

Selected Provisions of
House Bill No. 5649

Section 4:	Creates Mass/Bank as an independent state agency.
Section 5:	Administered by a five member Board of Directors.
Section 6:	Powers of Mass/Bank.
Section 7:	Funding of State infrastructure projects.
Section 8:	Financial assistance for local governments.
Section 9:	Annual evaluations.
Section 10:	Conditions for issuing debt obligations, pledging of Mass/Bank assets, and establishment of debt service reserve fund.
Section 11:	Debt obligations declare the responsibility of Mass/Bank.
Section 12:	Annual report.
Section 13:	Annual Audit.
Section 14:	Debt obligations declared free from state taxes; revenues of the Infrastructure Development Assessment impressed with a trust, state pledges not to reduce revenues while bonds remain outstanding.
Section 15:	Two million dollar appropriation for start up costs; Administrative expenses limited to one percent of annual revenues.
Section 16:	Local governments allowed to issue revenue bonds for revenue-producing projects. Revenues from these projects used to repay bonds.
Section 17:	Cities and towns allowed to establish special project districts.
Section 18:	Archaeological Exemption.
Section 19:	Adjusts the method of calculating the Local Aid Funds share of the corporate excise tax.
Section 20:	Establishes the State Infrastructure Fund.
Section 29:	Creates the Infrastructure Development Assessment.
Section 30:	Authorizes the Secretary of Communities and Developments to assist local communities with preparing comprehensive infrastructure plans.
Section 31:	Limits deductions of property under the Accelerated Cost Recovery System to sixty-percent.

Similarly, Mass/Bank would disburse revenues to state agencies to finance any infrastructure project that has a direct economic benefit to the state. Local governments having difficulty borrowing money would be allowed to sell their bonds to this financial office. Cities and towns would also have the power to:

1. issue revenue bonds to pay for local revenue producting infrastructure projects.

2. establish assessment districts to finance project costs.

3. pledge their local aid as security for their debt obligations.

4. create an Advisory Committee to assess local needs.

The major differences between the two proposals are the way businesses are assessed to finance this agency. Under the new legislation three entirely new sources of funding are created. First, the excise tax rates on corporations are reduced by ten (10) percent. Second, the Infrastructure Development Assessment is set at one (1) percent of the net income taxable in Massachusetts. Third and finally, corporations are limited to a sixty (60) percent deduction under the federal Accelerated Cost Recovery System instead of the eighty (80) percent deduction allowed in House Bill No. 6140.

In addition to these changes, the proposal prohibits the use of the "worldwide" method of unitary taxation. Massachusetts would adopt in its place the federal standard of a "waters edge" tax. Two other funding components of House Bill 6140, the adjustment of the unemployment insurance tax and the extension of the 3% State Investment Tax Credit, were entirely eliminated from the new legislation.

FAIR PROPOSAL

During the 1984 legislative session the House Chairman of the Joint Committee on Taxation also filed a bill to finance capital projects. The legislation, House Bill No.5298, would have created a "Massachusetts Infrastructure Bank." On May 18, 1984 the Chairman sent a memo to other State Legislators outlining a possible alternative to H.5298. Six months later he again invited the members of the Legislature to comment on this financial proposal based on better management of existing resources and a more reliable source of revenues.

Finally, on November 21, 1984 the "Financing Alternative for Infrastructure Repair" (F.A.I.R.) plan was unveiled. This new legislation was to be used as a substitute for the Governor's Mass/Bank proposal if it advanced to the House floor, or it would be filed as a new bill for the 1985 legislative year. (See Table IV)

On January 7, 1985 House Bill No. 5201, "Legislation to Provide Adequate Financing for Infrastructure Repairs," was filed. (See Table V) The proposal would establish a new Division in the State Treasury called the Office of Reconstruction (MORe). This new office would be run by an independent Board representing the various geographic areas of the state. It would have the power to issue bonds to pay for state and local infrastructure projects and to file legislation.

State projects would be chosen from ones that were approved by the Legislature in Capital Outlay Budgets or Transportation Bonds. Local projects would be chosen from requests made by local officials. The Board would review these requests to see if financing would come from the sale of bonds or other funding sources. Priority would be given to projects meeting certain criteria. Cities and towns would be allowed to pay the principal and interest on these bonds from deductions from their future local aid and/or Chapter 90 Funds.

In addition to selling bonds a separate fund would be established. This account would be financed with a portion of the tax proceeds collected from banks, corporations, sales, personal income, gasoline, and special fuels. The legislation also suggests using federal monies as well as surplus revenues from the Massachusetts Turnpike and Mass/Port Authorities once their debt obligations are paid off. Finally, the Unemployment Insurance surcharge would be extended two years.

Table IV

Comparison of House Bill No. 5649
and House Bill No. 5201

	Mass/Bank II	MORE
Board of Directors	Five member Board made up of the Secretary of Administration and Finance, the Treasurer, and three members appointed by the Governor.	Comprised of the State Treasurer, the Secretary of Administration and Finance the Secretary of Transportation, four at large members, and twelve members, representing geographical areas of the state.
Administrative Costs	Capped at 1.0%	Capped at 2.5%
Start-up Costs	Two million dollars	One million dollars
Infrastructure Fund	Financed with the proceeds collected from corporate taxes.	Financed with revenues collected from the Income, Corporate, Sales, and Use; Gasoline and Special Fuels; and "other" selected taxes.
Debt Obligation Limits	Debt obligations issued in amounts to achieve its corporate purposes cannot exceed fifty years.	Debt obligations limited to $500 million and fifty year terms.

Table V

Selected Provisions of
House Bill 5201

Section 18:	Creates the Massachusetts Office of Reconstruction (MORE) with a Board of Directors comprised of the State Treasurer, the Secretary of Administration and Finance, the Secretary of Transportation, four persons appointed by the Governor to serve at large, and twleve persons representing defined geographical areas of the state.
Section 19:	Organization of MORE and appointments of the at large seats.
Section 20:	Appointment of a single Public Works Commissioner.
Section 22:	Costs capped at 2.5% of its annual appropriation.
Section 23:	Required to submit to both the House and Senate Ways and Means and Transportation committees repair and maintenance plans for all infrastructure projects and analysis of maintenance costs for each project over $5 million.
Section 24:	MORE pledges to remain operational as long as its debt obligations remain outstanding.
Section 25:	Powers of MORE.
Section 26:	Financial Assistance to State Agencies.
Section 27:	Financial Assistance to local governments.
Section 28:	Requires Annual Reports.
Section 29:	Limits the amount of debt obligations to $500 million and fifty years.
Section 30:	Debt obligations are the financial responsibility of MORE.
Section 31:	Requires Annual Report.
Section 32:	Requires Annual Audit.
Section 33:	Revenues impressed with a trust and exempts debt obligations from state tax.
Section 34:	Appropriates One million dollars for start-up costs.
Section 35:	Allows Cities and towns to issue debt obligations.
Section 36:	Creates Chapter 40K authorizing Tax Increment Financing of Economic Development and Revitalization Projects.

FEDERAL LEVEL

More than seventy different infrastructure proposals were introduced during the 98th Congress. Several were concerned with creating additional funding sources. Among them were:

(1) (S.1330 and H.R. 1244): Legislation establishing a fifteen member Infrastructure Council to conduct a nation wide inventory of the condition of public works facilities.

(2) (S.532 and H.R. 638): Legislation creating a National Public Works Bank that would allow state governments to borrow money to loan to municipalities.

(3) (S.2234): Legislation authorizing the federal government to offer grants to state infrastructure banks.

(4) (H.R. 2419): Legislation creating a National Public Works Corporation.

(5) (H.R. 5948): Legislation creating a National Infrastructure Fund in the Department of the Treasury to provide interest-free loans to states for construction and repair of transportation, water supply, and sewerage treatment infrastructure.

(6) (S.533): Legislation allowing state and local government the option of issuing taxable bonds.

Most of these bills are expected to be refiled for the 99th session. Congress did pass legislation that will effect the way certain infrastructure projects are financed. P.L. 98-369 allows federal income tax benefits to be claimed by private investors who buy a public facility. A second provision of this law limits the amount of Industrial Development Bonds (IDB) issued by state and local governments at $150 per capita or $200 million on tax-exempt IDBs. However, airports, docks, wharves, and mass transit were excluded from the limitations. Other types of public facilities, including waste water treatment plants, can exceed the cap but cannot claim depreciation of investment credits.[3]

3. Claudia Copeland. "Infrastructure: Legislation in the 98th Congress," Issue Brief. August 30, 1984, p. 5.

STATE LEVEL

On the national level things are relatively quiet. Most states are waiting for Congress to act on a National Infrastructure Bank before they begin developing their own plans. In addition to Massachusetts several other states have passed into law or introduced legislation that would create an alternative source of financing infrastructure repairs. (See Table VI) The following are examples of these proposals.

A. New Jersey

One state, New Jersey, has been the leader. On September 29, 1982 Governor Thomas Kearns introduced the first Infrastructure Bank Legislation. This new proposal would have created an independent agency that would finance certain state and local projects. They would have been funded with new sources of revenue to reduce the state's dependence on general obligation bonds.

However, this proposal failed to gain acceptance. In its place the New Jersey legislature passed into law a limited version of an Infrastructure Bank. Chapter 73, the New Jersey Transportation Trust Fund Authority Act, was signed on July 10, 1984. This new statute is markedly different from the original proposal.

Chapter 73 created the New Jersey Trust Fund Authority. This new agency is allowed to issue bonds and establish a $88 million Trust Fund Account within the General Fund. Instead of financing a varied number of capital projects, funding is restricted to transportation and mass transit programs. Additional revenues are raised from increases in fuel taxes and motor vehicle registration fees.

B. Washington

The state of Washington has passed two separate laws concerning infrastructure financing. The first one, Chapter 231, signed by the Governor on May 17, 1983, directed the Director of Planning and Community Affairs to prepare a plan for repairing or replacing state and public works. This assessment would include:

(1) an inventory of the state's roads, bridges, sewers, dams, state parks, and recreational facilities, and water systems.

(2) their physical condition.

(3) cost estimates to replace or repair them.

In the following year Chapter 244 was signed into law. The new statute created the "Public Works Assistance Account" in the General Fund for the purpose of making loans to cities and towns. This new funding procedure is financed by a biennial transfer of $10 million by the State Treasurer and the sale of general obligation bonds backed by the full faith and credit of the state of Washington. C.

C. California

Two bills were introduced for consideration during the 1985 legislative session. Both of them, Assembly Bill No. 56 and Senate Bill No. 108, would create a California Infrastructure Bond Authority. This new agency would be authorized to create an Infrastructure Fund, issue tax-exempt revenue bonds, and provide funding to local agencies to finance public capital projects.

Table VI

State Legislation Enacted or Introduced
To Finance Infrastructure Repairs

	California	New Jersey	Washington
Name:	California Infrastructure Bond Authority.	New Jersey Transportation Trust Fund Authority.	Public Works Trust Fund
Types of Bonds:	Tax-exempt revenue bonds sold by the Treasurer.	General obligation Bonds payable from the revenues of the Authority. Need the approval of the Governor and either the treasurer or the Comptroller of the Treasury.	General obligation Bonds. State pledges its faith and credit to pay their principal and interest.
Organization:	Seven member Board Directors; Attorney General to serve as Legal Counsel for the Authority.	Five member Board of Directors: Commissioner of Transportation; state treasurer; and three public members.	Director of Planning and Community Affairs.
Bond Limits:	Outstanding amount of bonds limited to $500 million. Time of maturity 50 years.	Outstanding amount of bonds limited to $600 million. Time of maturity 17 years.	
Trust Fund:	California Infrastructure Authority Fund.	The "Transportation Trust Fund Account is established in the General Fund financed with $7,333,333.00 from the sale of bonds; motor vehicle fees; and motor and diesel fuel taxes.	Public Works Assistance Account established in General Fund. Treasurer transfers $10 million each bienium to be spent on payment of debt service.

	California	New Jersey	Washington
Reserve Fund:	Authority may levy a fee of up to one-tenth of a percent of the principle amount of each bond issue for the creation of reserves and the payment of operating costs.	Special Transportation Fund maintained by the Treasurer and funded with appropriations from the Legislature.	
Minority and Women Businesses		Requires 10% of monies to be expended on minority businesses; 4% on businesses controlled by women.	

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